Economic 481
Health Economics

Fall 2014

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Course Prerequisites

Econ 370/301 and one of the following: Econ 400/409, or Econ 446/309, or Stat 400. Students will need a firm understanding of microeconomic theory and regression analysis in order to follow the lecture materials in this class.

Students with Disabilities

Any student with a documented disability needing academic adjustments or accommodations is requested to speak with me during the first two weeks of class. All discussions will remain as confidential as possible. Students with disabilities should also contact Disabled Support Services in the Allen Center.

Course Objectives

Health economics applies the tools of economics to issues of the organization, delivery, and financing of health care. The objectives of this course are to: (1) develop an understanding of the relevance of economic concepts to the health care sector, (2) to describe the system of health care financing and delivery arrangements in the health care sector, and (3) to impart an understanding of the role of economic factors in the development of public policy concerning health and health care.

Course Materials

1. Textbook: *Health Economics, Theories, Insights and Industry Studies*, 6th Edition by R.E. Santerre and S.P. Neun (S&N), South-Western Cengage Learning, 2013.
2. *Health Care Reform: What it is, Why it's necessary, How it works*. By Jonathan Gruber Hill and Wang, 2011.

3. Powerpoint lecture notes, downloadable from OWL-Space.
4. Case Studies: to be purchased online by the student.

In order to avoid the costs of purchasing a course packet, I will be placing copies of all Powerpoint lecture note slides on OWL-Space for you to download and print at your convenience. Powerpoint slides for each lecture will be available at least 24 hours before the lecture.

Some advice on printing:
You may wish to print out multiple slides per page and pure black and white, versus color slides.

Class Format and Requirements

Format: Read the assignment before class, and come prepared to discuss either your questions about the reading or your applications of the ideas introduced here. We will occasionally discuss practice problems related to the reading in class.

Grading*:*

Homework	10%	
Midterm	25%	THURSDAY OCTOBER 9th, in class.
Paper	15%	
Class presentation	10%	
Class participation	10%	
Final exam	30%	during finals week, date/time scheduled by registrar's office.

Numerical scores will be translated into letter grades as follows:
A+ (100-97%), A (96-93%), A- (93-90%), B+ (90-87%), and so on.

Homework: There will be 3 homework assignments which are due in the first half of the semester. Students are permitted to work together on the homework assignments, but each student must formulate responses to each question with their own wording.

Paper: 25% of your grade will be based on a team project. Each team will select a health care company, and describe how the competitive strategy of that firm has been affected by changing market forces and government intervention in recent years. You may use material from class, journal articles, magazine and newspaper articles, and the internet to support your argument. Teams will consist of 3-4 students, and each team is expected to submit one paper with a maximum of 12 pages of text, double spaced and typed.

Class Presentation: Each team will present their analysis to the class at the end of the semester. Presentations will be 20 minutes in length.

Class Participation: You are expected to come to every class. You may miss three classes

without your attendance score being affected. *Do not schedule job interviews in a manner that prevents you from attending class or exams.*

***Make-ups*:** There will be no make-ups for missed coursework, assignments, and examinations unless you receive the permission of the instructor prior to the date of the assignment or exam.

***Extra credit*:** There will be no extra credit assignments.

***Exams**:* The midterm and final exams will be in class, closed book.

COURSE SCHEDULE

Topic	Readings
1. An Overview of the Health Care Industry	S&N, Chapter 1
2. Health, Medical Care, and Medical Spending	S&N, Chapter 2
3. Demand for Medical Services	S&N, Chapter 5
4. Medical Care Production and Costs	S&N, Chapter 7
5. Harvard Business School Case Study 1	Boston Children's Hospital: Measuring Patient Costs
6. Cost and Benefit Analysis	S&N, Chapter 3
7. The Demand for Medical Insurance	S&N, Chapter 6
8. Health Care Market Structure, Conduct, & Performance	S&N, Chapter 8
9. Harvard Business School Case Study 2	Pitney Bowes: Employer Health Strategy
10. The Health Insurance Industry	S&N, Chapter 11
11. The Physician Market	S&N, Chapter 12
12. The Hospital Market	S&N, Chapter 13
13. Adverse Selection & Moral Hazard	
14. The Pharmaceutical Industry	S&N, Chapter 14
15. Government Provision of Health Insurance	S&N, Chapter 10
16. The Affordable Care Act	*Health Care Reform*, by J. Gruber